



QUARTERLY MEETING

Wednesday, May 7, 2008
The Boeing Company
2300 E. Imperial Hwy
10:00 a.m. – 1:00 p.m.

MEETING MINUTES

A meeting of the California Commission for Economic Development was held on May 7, 2008.

Commission Members Present

Lt. Governor John Garamendi, Chair
Mr. Tom Nassif, Vice Chair
Ms. Virginia Chang Kiraly
Mr. Demos Vardiabasis, Ph.D.

Commission Members with Excused Absences

Honorable Bob Dutton
Honorable Mike Machado
Honorable Leland Yee, Ph.D.
Honorable Lori Saldaña
Mr. Aubry Stone
Mr. Daniel Curtin
Ms. Forescee Hogan-Rowles
Ms. Ashley Swearengin
Mr. Omar Benjamin
Mr. Hector Baretto

Others in Attendance

Mr. Richard Baum, Executive Director
Ms. Michele Gault, Deputy Director
Jennifer Anastasoff, EnCorps
Jessica Duboff, Rep. Jane Harman's office
Candace Allen, Asm. Ted Lieu's office
Brian Terrell, Boeing
Michael Jackson, Boeing

CED Aerospace Advisory Committee Members:

Andrea Seastrand
Len Kwiatkowski
Mark Sirangelo
Gary Toyama
Kellie Johnson

There was not a quorum present.

Welcome and Introductions

Lt. Governor and CED chair John Garamendi called the meeting to order at 10:10 a.m. The Lt. Governor made opening remarks and discussed some of the CED's other advisory committees and their activities. He stated that career and technical education (CTE) and the need for a skilled workforce are issues that will be taken up by the Commission during the meeting. He introduced the Commissioners that were present and invited them to make opening comments. Commissioner Virginia Chang Kiraly noted that the economy is of major importance right now. Commissioner Tom Nassif thanked the Lt. Governor and staff for a successful agricultural advisory committee meeting in March.

Meeting Minutes

The Lt. Governor called for a motion to approve the February 13, 2008 meeting minutes. Tom Nassif made a motion, seconded by Virginia Chang Kiraly. All present voted to approve the minutes.* The Lt. Governor noted that since a quorum was not present, the other members could submit their approval in writing via e-mail.

Upcoming Meeting

Executive Director Rick Baum said that staff will send dates for a future meeting and that locations being considered include the Central Valley. He said the meeting will likely occur in August or September.

Policy Discussion

The Lt. Governor opened up a discussion on the CED's role in making recommendations on specific legislation. Rick Baum explained that the CED's function is to provide support and advice to the Governor and the Legislature on the best economic policy for the state and that over the years, the CED has done this in a variety of ways, from sponsoring bills and having bill language developed, to supporting existing legislation.

Lt. Governor Garamendi referred to the Commissioners' packets, stating that there is a general statement of support for CTE and recommendations to support two organizations: GetREAL and the California EDGE Campaign. The other document lists specific legislation that the CED can vote to support.

Tom Nassif said that it may be hard to support certain legislation because members of the Commission are not informed on specific topics, for example, the \$3 billion bond issue [SB 1672] that is included for the CED's consideration. He said that the CED doesn't know what the political dynamics are and that given the large number of bills going through the legislature, it may be difficult to know which bills the CED should support.

The Lt. Governor said that further on the agenda, there are a few reports coming up from the commissioners and from the aerospace advisory committee. He recommended waiting to discuss the specific legislation until hearing these reports. He said that as Lt. Governor, he understands the need to be selective when supporting bills, because often a bill is amended and turns into something entirely different as it goes through the process. He began to discuss the proposal for the CED to support the two organizations: GetREAL and the California EDGE Campaign. He asked Rick Baum to briefly describe the two organizations. The Lt. Governor said that linkages between education and employers are very important and mentioned the automotive technology program at Cerritos College as a good example of a successful partnership between the college and the local industry. The EDGE campaign is designed to help promote these linkages. The GetREAL coalition is supported by the California Manufacturers and Technology Association (CMTA) and they have decided to focus on this linkage as well. They have support from labor and major companies in nearly every industry area in the state. They also support specific legislation. The CED needs to decide how it wants to participate. The Lt. Governor said the Commission would put this vote off until after the aerospace presentation. Virginia Chang Kiraly asked whether support required a financial contribution and the Lt. Governor responded that no, it did not. It would mean adding the Commission's name to the list of supporting companies and organizations.

Advisory Committee Reports

Agriculture

Tom Nassif provided a summary of the March 25 agricultural advisory committee meeting that took place in Sacramento. He noted that participation from the committee members was very

impressive and that the USDA secretary and the California secretary of Food and Agriculture both attended. The committee was able to communicate with the USDA secretary on a number of issues of importance to California. The group has been divided into 8 subcommittees covering a range of issues such as international trade and land use, among others. 5 of the 8 subcommittees have met via conference call and they have developed a number of recommendations already. These recommendations will need to be approved by the whole committee before being passed on to the CED.

The Lt. Governor stated that the involvement of the advisory committee has been quite impressive and that it would be a good idea to develop some sort of private website where the members could post and communicate with each other. He said this type of interaction is exactly what the CED was expecting from the advisory committees. Individual members of the CED have specific areas of interest and/or expertise and they have been asked to chair the advisory committees. For example, Tom Nassif is chairing the agriculture committee and Demos Vardiabasis will be chairing the tourism and entertainment industry committee.

Tourism and Entertainment

Demos Vardiabasis spoke about the importance of global tourism to California's economy. He said that in these challenging economic times, promoting increased tourism can help to grow jobs and improve the state's economy. Specifically, the state should reach out to developing countries such as China and India where incomes are growing and people with resources to travel internationally are interested in coming to the U.S. California can and should be their first stop because California has everything tourists could want. The committee will be pro-active in supporting California as an international tourism destination.

The Lt. Governor said that he has been approached regarding participating in a trade mission to China in January or early 2009 and that he sees it as an opportunity to be a CED trip, to focus on the dairy industry and tourism promotion. He said that the World Expo will be in Shanghai in 2010 and that California may want to consider having a presence there, to help promote our exports and tourism industry.

Biotechnology

Virginia Chang Kiraly mentioned that the biotech advisory committee will have its first meeting on May 30 and that she is receiving input from the members for agenda items.

The Lt. Governor said that there was an article on the front page of the San Francisco Chronicle about stem cell research and facilities. We should look at that and expand our committee to include that issue area.

Upcoming Events

Rick Baum went over a list of upcoming events, both CED events and other economic development and industry trade shows taking place in the state.

Advisory Committee Nominees

Rick Baum read the names of proposed advisory committee members and asked the commissioners to vote to approve the new members. The members were approved.

Aerospace Advisory Committee Presentation

The Lt. Governor invited the CED's aerospace advisory committee to make a presentation to the commission.

Andrea Seastrand, executive director of the California Space Authority (CSA) and chair of the CED's aerospace advisory committee, introduced the aerospace industry in California. She discussed the economic impact of the industry, and number of employers. The Lt. Governor

asked Ms. Seastrand if she had any specific recommendations for the Commission. She suggested organizing a visit to the Mojave Air and Space Port. She also suggested that the Lt. Governor could visit Vandenberg Air Force Base. She said the industry needs an advocate who can speak to the press about the importance of aerospace. The CED can serve as such an advocate. Ms. Seastrand also discussed the U.S. Department of Labor WIRED grant, a 3 year, \$15 million grant program administered by CSA. The grant supports 25 different projects, including the STEM CAP (Science, Technology, Engineering, Math Comprehensive Action Plan). She said that the STEM CAP is aligned with Get REAL and that CSA is a member of Get REAL and the California EDGE Campaign.

The Lt. Governor asked about following up on letters of support for projects such as Cyber Command (an Air Force program being sought by Beale AFB near Marysville). The CSA can take action on that and provide an update for the Lt. Governor. The California Congressional delegation has signed a letter of support as well. Mark Sirangelo recommended talking with Gary Payton, deputy secretary of the Air Force in Washington, DC. Mr. Sirangelo said that nine other states have also written letters of support and that the letters are not enough.

Mr. Sirangelo, a committee members and president & CEO of SpaceDev in Poway, took the podium and discussed ways that the aerospace industry enables and contributes to a number of other industries. He used the automobile industry as an example, stating that 50% of cars will have some sort of satellite function, such as a GPS device, OnStar or satellite radio.

Gary Toyama, regional VP for Boeing, talked about the need to help encourage retired aerospace workers go into teaching as a second career. The process can be quite complicated. He introduced Jennifer Anastasoff from EnCorps and asked her to describe her program. EnCorps is a public-private partnership dedicated to increasing the number of much needed math and science teachers in California's public middle and high schools. They recruit retiring math and science professionals through California employers. They help to support people wanting to go into teaching careers.

Demos Vardiabasis noted that California is losing the ability to attract foreign Ph.D. students. Virginia Chang Kiraly stated that education is such a big issue that the quality of education is a barrier to competitiveness. She asked if other states face similar problems, and Andrea Seastrand and Gary Toyama both responded that it is a nationwide problem.

Gary Toyama explained that people want to give back but they don't want to spend so much time getting their teaching credentials. There is a "boot camp" program for people to check out teaching and see if they would be interested.

Committee member Kellie Johnson, president and CEO of ACE Clearwater Enterprises of Torrance gave a presentation called "Securing California's Competitive Advantage". She stated that for her company, the workforce is the most important component. She believes that the community colleges are great partners and that California does have a competitive advantage over other states.

Committee member Len Kwiatkowski, VP of the military space program at Lockheed Martin, gave a presentation with a list of recommendations for keeping California's aerospace industry strong. For example, he emphasized the need to keep the research and development tax credit at current levels and to continue funding for the Employment Training Panel.

The Lt. Governor discussed the importance of investing in education and said that the major companies (such as ones represented at the meeting) must weigh in and be a part of the policy decision making process. He said that there's no other way to address the education situation other than raising taxes and that the CSU and UC systems don't know what they should do to

meet the needs of California's industries. The University of California doesn't even have a 5-year plan. He emphasized the need for the universities to work with the private sector.

Virginia Chang Kiraly noted that it is important to understand what we don't need in terms of what is currently being spent on education and that limited resources can inspire creative solutions. Commissioner Kiraly noted that she also believes funding and investing in education, along with understanding what reforms, as the Lt. Governor indicated, might be needed. A lot of money has been spent on education, and the concerns expressed from the public today indicated that California's K-12 education system is not preparing children for the 21st century workforce. To maximize financial resources and cost-effectiveness, it is also important to understand what we don't need in terms of what is currently being spent on education. Limited resources can inspire creative solutions.

Legislation

The Lt. Governor re-opened the discussion on the legislative package presented to the commission. Tom Nassif made a motion to approve the general policy statement on CTE. Rick Baum noted that there are concepts not included in the policy statement and that it can be modified to point to legislation without mentioning specific bills. The Lt. Governor stated that we have a motion to approve the policy statement, with modifications, and that the edited version will be sent out next week.

Andrea Seastrand noted that she had information about multiple pathways that she would like to share with the CED and she will send that information via e-mail.

Virginia Chang Kiraly made a motion to approve CED support for GetREAL and the California EDGE Campaign. Commission members voted to approve this motion.*

Discussion

Tom Nassif mentioned that it would be valuable to start a dialogue between the aerospace and agriculture committees and that the agriculture committee has a subcommittee on science and technology. It would be good for someone from the aerospace committee to sit in on this call and explore synergies.

Public Comment

The Lt. Governor asked for public comment. There being none, he adjourned the meeting.

Adjournment

Meeting adjourned at 12:50 p.m.

Meeting minutes submitted by Michele Gault

Approved: September 15, 2008

* Since a quorum was not present, motions were submitted via e-mail to the absent Commissioners for their approval. All motions were subsequently approved.